GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:652
ANSWERED ON:05.03.2002
MISAPPROPRIATION OF FUNDS IN BIHAR
NAWAL KISHORE RAI;RAMJI LAL SUMAN

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that cases of misappropriation of funds meant for subsidy to fertilizer companies have been detected in Bihar during 2001-2002, till date;

(b) if so, the details thereof;

(c) whether gross irregularities have been found in the accounts of fertilizers sold to the farmers in the State;

(d) if so, the estimated financial loss incurred to the Government due to aforesaid irregularities; and

(e) the steps taken by the Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS & FERTILIZERS (SHRI S. B. MOOKHERJEE)

(a) to (e): According to a newspaper report published in January, 2000, the Office of Accountant General had detected a Rs. 162.13 crore fraud in Bihar Agriculture Department in the matter of payment of concession/subsidy under the Concession Scheme on decontrolled phosphatic & potassic fertilizers during the period 1994-95 to 1997-98. During the years 1994-95 to 1996-97, payment of concession/subsidy under the Scheme was made by Central Government only after receipt of certificates of sales from the concerned State Government. The procedure of `on-account' payment of 80% of the concession/subsidy claim to the eligible manufacturers/importers was introduced by Central Government from the year 1997-98 and the remaining 20% is paid on receipt of sale certification from the concerned State Government. The case relates to issue of the sales certificates by Director of Agriculture of the Bihar Government without obtaining verification reports from District Agriculture Officers, thereby flouting the State Government's instructions regarding certification of quality and quantity of fertilizers sold. The Central Government in February 2000, requested the State Government to furnish factual position on the news report and review its existing system of sales certification. Simultaneously, it also decided to withhold further 20% payment against sales certification by State Government. The Bihar Government informed in February 2001 that it had handed over the matter to the State Vigilance Department for enquiry. In the meanwhile, the Financial Management and Internal Resources Committee of the State Legislative Council also went into these allegations. Subsequent to the submission of the report of the Committee, reportedly the State Government of Bihar has decided to hand over the matter to CBI. The extent of loss arising from the alleged fraud/scam will be known only after receipt of report of the CBI.